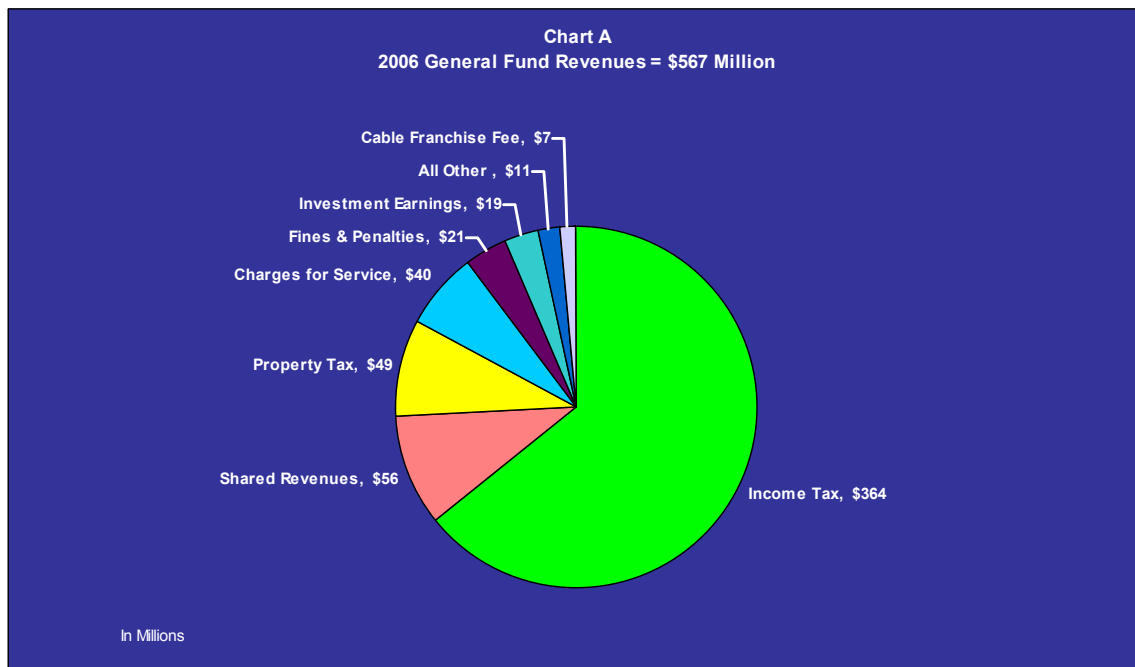


## Financial Overview

Income tax revenue growth has stagnated at levels significantly below those that existed during the forty years which preceded the 2001 national economic recession and is a major contributor to overall minimal general fund revenue growth.

As Chart A below indicates, city income tax revenue represents nearly two-thirds of the revenue supporting the general fund operating budget. It is by far the main driver of the condition of the general fund budget. By contrast, the second largest revenue source is revenue sharing (state revenue from various taxes that is shared with local governments), which represents less than ten percent of the general fund revenue total. For the 40 years prior to 2001, annual growth in the income tax never fell below 4 percent and indeed averaged 6.25 percent throughout the 1990's. Significant annual growth in income tax receipts supported not only annual growth in expenditures over which the city has little control (collectively bargained wage increases, inflation in goods and services, and increases for health benefits and workers compensation) but also new efforts such as a greatly expanded emergency medical services (EMS) program.



As one can see from Chart B, below, the growth rate for income tax fell to 3.5 percent in 2001 and then dropped precipitously in 2002 and 2003, growing not at all over those two years. Positive growth returned in 2004, albeit to the same historically low growth rate as occurred in 2001, and the City Auditor is projecting that it will remain at approximately that same rate in 2005 and 2006. This is especially disappointing since in the spring of this year, income tax growth rates appeared to be returning to the levels enjoyed prior to 2001. However, the summer witnessed a reduction in the growth rate back to that experienced in 2001.

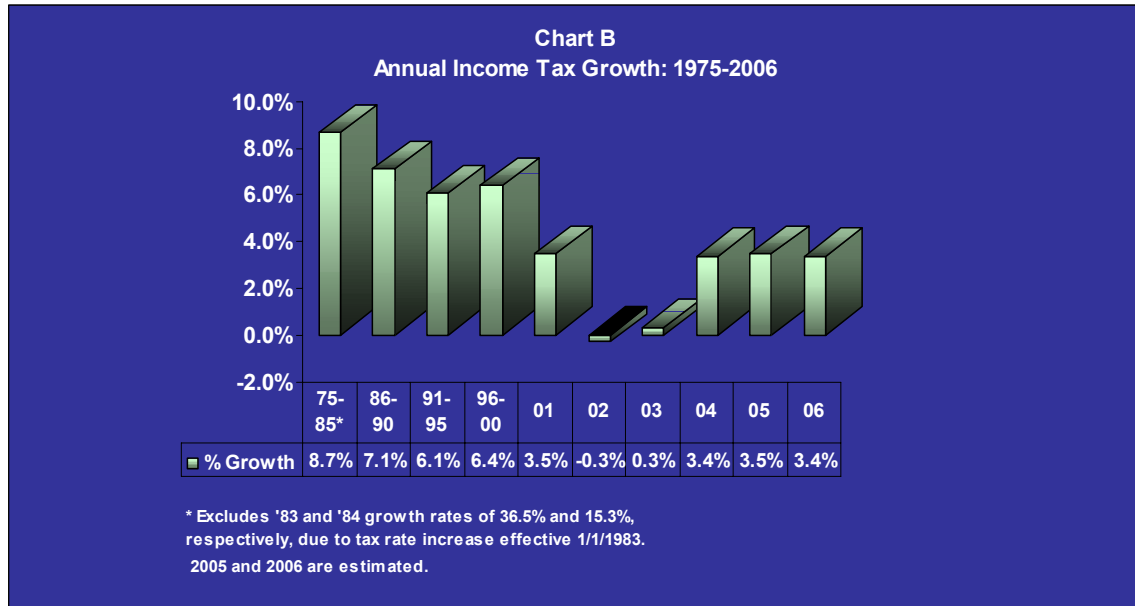
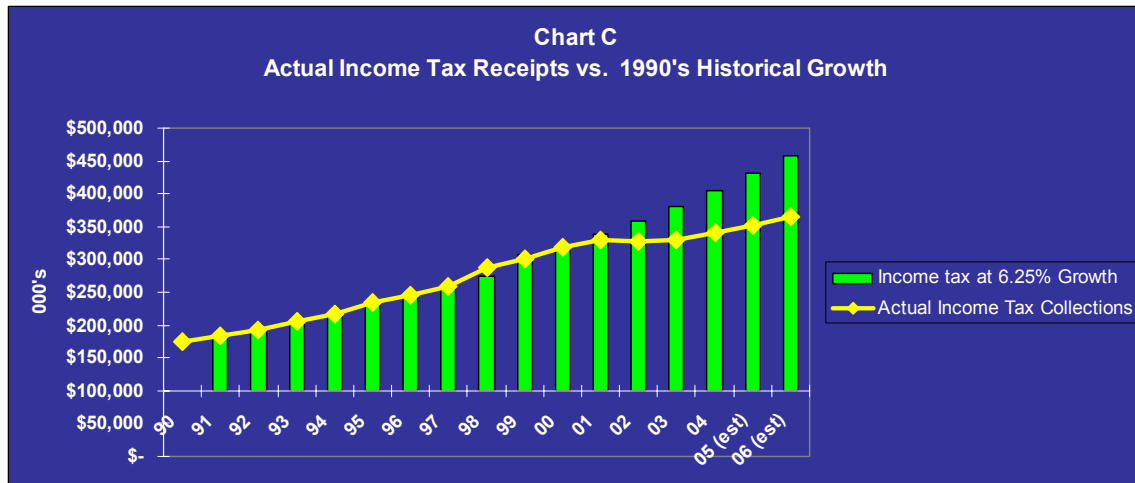
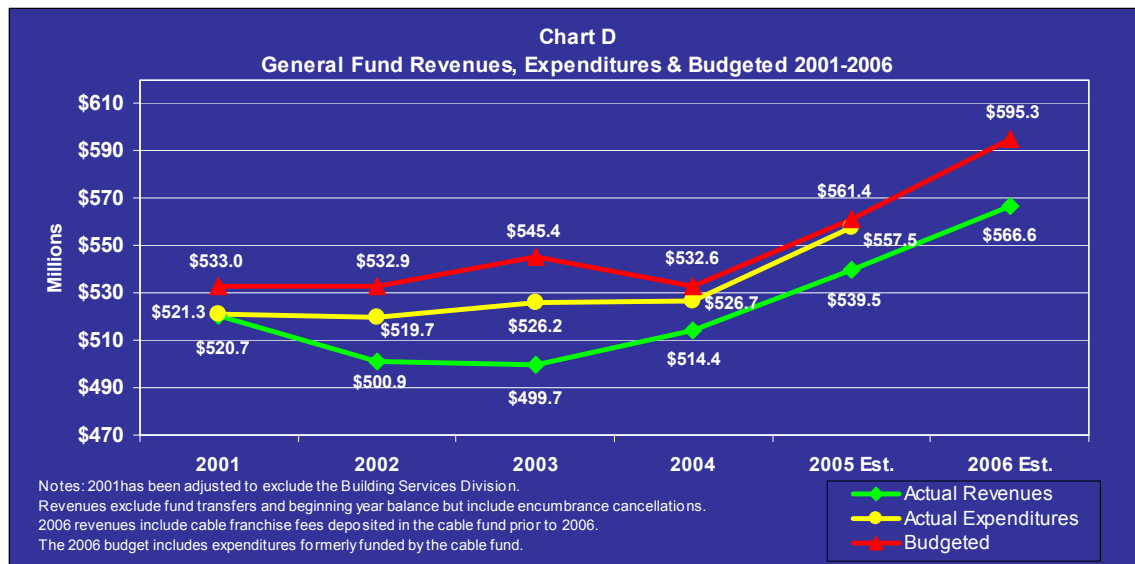


Chart C below graphs actual income tax receipts from 1990 through the 2006 projection. In 2006, we expect only \$35 million more in receipts than we had five years earlier—10.6 percent **five-year** growth in contrast to the 6.25 percent **annual** increase that we experienced in the 1990's. Had the 1990's growth rate continued through 2006, we would receive \$457.7 million in 2006, an astonishing \$93.5 million more than the City Auditor's current projection.



The decline in income tax growth rates has been accompanied by reduced revenues from some of the smaller general fund revenue sources as well, adding to budget challenges in recent years. As a result of budget difficulties in state government, in the last three successive budgets the state has frozen the distribution of a portion of state revenues it shares with local governments. The result to the city has been a relatively flat \$47 million or so in receipts per year since 2002 and the loss of what had been an annual growth of \$3 million per year that would have put 2006 receipts at \$60 million or more. Further, a climate of lower interest rates and less cash in the city treasury (from reduced bond sales) over the last several years has resulted in city investment returns being significantly below the \$29 million realized in 2001.

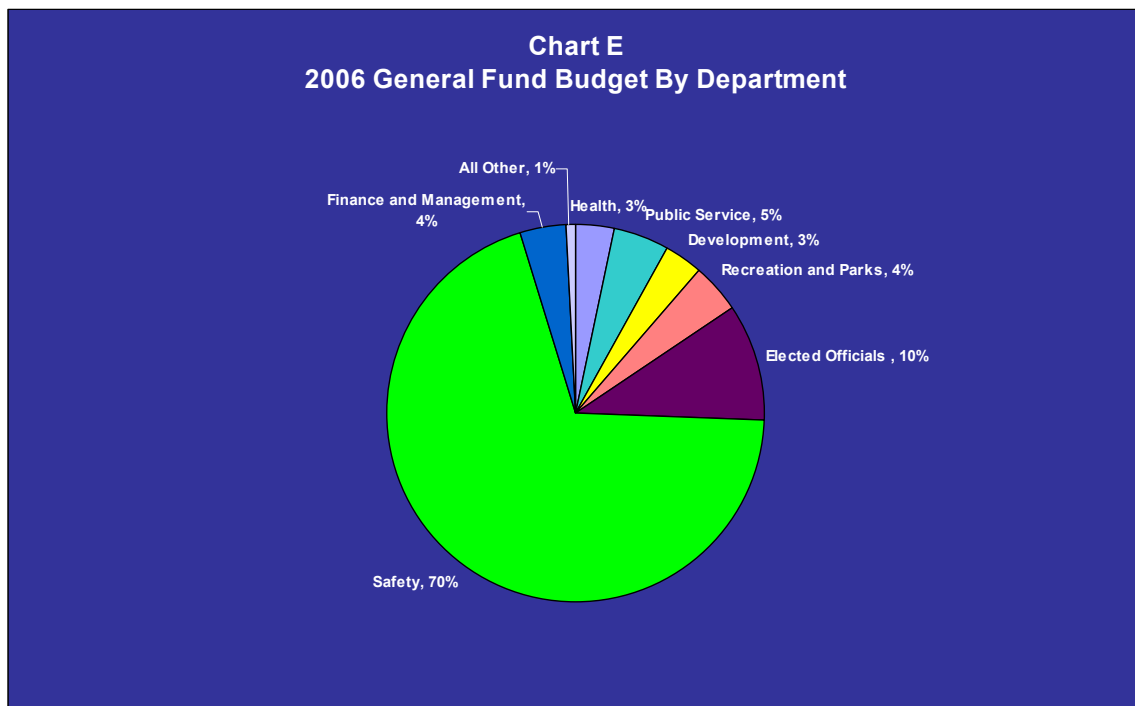
Chart D below graphs general fund revenues in total, budget amounts, and actual expenditures since 2001. Several things are striking: spending was held virtually flat for the four years beginning in 2001; total revenues in 2004 remained 1.2 percent **below** those in 2001; and revenues since 2001 have remained below expenditures, leaving “gaps” in those years. Those gaps have been filled by a spend-down of a substantial general fund balance at the end of 2001, the transfer of surplus dollars in the employee benefits fund, and transfers from the economic stabilization (or rainy day) fund for the first time since it was established. The gap narrowed considerably to \$12.3 million in 2004, the result of holding spending down to 2003 levels while experiencing a modest revenue increase of nearly 3 percent.



Recognizing in 2001 that the city faced a challenging economic climate, the Mayor appointed an Economic Advisory Committee which recommended spending controls, revenue enhancements, and the adoption of best financial practices. The city has been implementing these recommendations over the last four years. Best financial practices such as a three-year financial plan and written financial policies have imposed financial discipline. Various fees and charges have been increased, and reimbursement of EMS charges by third party providers is adding \$7 million in annual general fund revenue, which has helped to partially offset reduced income tax, revenue sharing, and investment earnings receipts.

However, because the city has limited options to increase general fund revenue, we have been compelled to meet the challenge posed by a weak economic climate by implementing significant spending reductions. Although public safety has been given a high priority, with the numbers of police officers and firefighters being held constant, virtually every other city service dependent upon the general fund has faced reductions. Hiring controls had reduced the civilian general fund workforce by 25 percent by the beginning of 2005. Spending on goods and services has been slashed. Employees have been required to bear a greater share of their health insurance costs and wage increases have been reduced from those seen in the 1990's. Operations have been re-organized and consolidated to allow greater efficiency, and some operations have been removed from the general fund and made self-sufficient or shifted to other funds. Performance management was instituted to assure that the city is optimizing the use of limited funding to achieve the outcomes we desire from our operations. The spending authorized in each year's budget was further reduced such that there is a cumulative difference of \$50 million between budgets and actual spending in 2001-2004, as shown in Chart D. All of this resulted in a phenomenal reduction in general fund spending growth from 2001-2004. Indeed, spending in 2004 was only one percent higher than in 2001.

General fund spending in the 1990's grew **annually** at a rate of 7.4 percent. Had it continued to grow at such a rate from 2000 forward, the general fund budget for 2006 would be over \$790 million, nearly \$195 million higher than the budget being proposed for 2006. This represents a 25 percent cut in general fund spending, a reduction made all the more difficult by the fact that, as Chart E below shows, The Department of Public Safety, which represents 70 percent of the general fund budget, has been largely immune from cuts. Reductions in other general fund operations have resulted in Public Safety's share of the general fund budget increasing from 64.5 percent in 2000 to 70 percent today.



With general fund operations other than police and fire protection having been reduced to the bone over the four years preceding 2005, continuation of these reduced services at 2004 levels in 2005 inevitably will result in increased spending this year with no further reductions in the civilian workforce. Collectively bargained wage increases and increased health insurance costs alone result in nearly \$20 million in increased costs in 2005. Increased fleet and fuel costs add nearly another \$3 million. Operating costs for the new Dodge and Lazelle recreation centers add \$700,000. Providing for possible unanticipated costs associated with the Deferred Retirement Option Plan (DROP) for Police and Fire adds \$1 million, and providing money to promote job growth has added \$2 million. All of this explains the first significant growth in general fund spending in 2005 (Chart D) we have seen in four years. In 2005, for the first time in four years, we have not reduced further the level of city services provided in 2004, and there is an additional cost to maintaining existing services from one year to the next. However, after four years of cutting, further reductions would have severely limited basic city services such as refuse collection, parks and recreation center operations, and the provision of basic public health services.

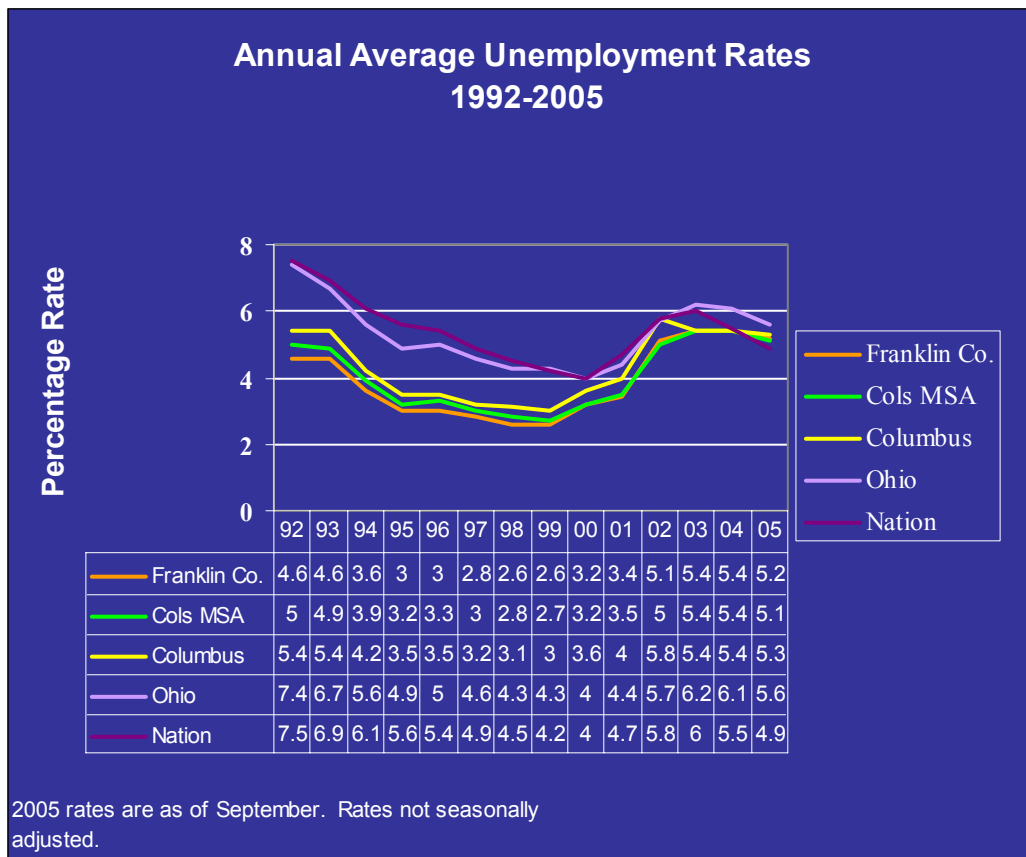
Unfortunately, gaps remain between current revenues and spending in 2005 and in 2006, gaps which in both years are being filled with use of the rainy day fund and a spend-down of the year-end general fund balance. The presence of a balance at the end of the year is dependent upon a combination of revenue growth greater than projected by the City Auditor and spending below that authorized in the budget. It is not a consistent or dependable building base for a budget. Use of the rainy day fund must end in 2006 if we are to meet the city's policy on maintenance of a five percent reserve and satisfy our bond rating agencies of our financial responsibility. If we do not see a return in 2006 of the normal revenue growth we experienced prior to 2001, we may have to revisit the mix of services we currently provide and/or look for new or increased revenue in 2007.

**Despite the challenges presented by slowed general fund revenue growth over the last five years, the Columbus economy itself retains healthy underpinnings which make our situation more manageable than that of many other large cities.**

Columbus is working both aggressively and creatively to attract new businesses, jobs, and private investment into growth corridors and the downtown area. There have been 57 tax incentive and infrastructure projects legislated since January 1, 2000, resulting in 1,984 jobs being created and 3,998 jobs being retained in Columbus. A total of 4,662 jobs are expected to be created and another 5,291 retained, as a result of these 57 projects by the year 2009. The city has also used income tax incentives to bring 1,400 jobs downtown to-date, as part of the downtown business plan.

A study published by the U.S. Conference of Mayors in August 2004, forecasts a six percent growth in employment in the Columbus Metropolitan Statistical Area (MSA) over the years 2004-2008, primarily due to projected employment expansion in the services sector, which is expected to grow by an annual rate of 1.3 percent. The report predicts that total employment will return to its peak pre-recession level of over 900,000 by mid-2006.

Columbus area unemployment continues to be low when compared with the state and similarly-sized cities. Historically, the Columbus area has had consistently lower rates of unemployment than state and national levels, as illustrated in the graph below. As of September 2005, the unemployment rate for Franklin County was 5.2 percent, the Columbus MSA rate was 5.1 percent, and the Columbus rate was 5.3 percent. The rate for the State of Ohio was 5.6 percent, and the national rate, in contrast to historical patterns, was lower, at 4.9 percent.



A balance among manufacturing, technology, research, and financial activities has helped Columbus' economy continue to grow. Services, including government, finance, and transportation and utilities account for almost 60 percent of all employment. Seven of the 10 largest employers in the city are governmental or government-oriented: the State of Ohio, The Ohio State University, the United States Postal Service, the Defense Supply Center, the Defense Finance and Accounting Service, the Columbus Public Schools, and the City of Columbus.

On the private sector side, Columbus is the headquarters of Nationwide Insurance Company, American Electric Power, the Limited Brands and Wendy's International. Battelle Memorial Institute, a research center for government and private industry, has its world headquarters in Columbus. Several leading information providers are also based in Columbus, including Chemical Abstracts Service and the Online Computer Library Center.

Columbus' population continues to grow. The Mid Ohio Regional Planning Commission estimates the population of Columbus at December 31, 2005 to be 754,937, an increase of 6.1 percent since the last census estimate of 711,470 in 2000. It is expected to grow another 1.1 percent in 2006. Columbus has generous city boundaries with large tracts of open land that are still being developed, which aid in population growth. The city's historical practice of annexing large tracts of undeveloped land and providing those areas with water and sewer service continues, with recent major commercial and industrial developments in the Polaris area and the Rickenbacker International Airport, which houses a growing air cargo facility and industrial park.

Additional commercial and residential development is also occurring in the area surrounding Nationwide Arena, home to the National Hockey League's Columbus Blue Jackets. And significant redevelopment efforts are underway in the downtown area, fueled by efforts of the RiverSouth Authority. Within the downtown core, 499 residential units opened within the past two years, 398 housing units are under construction and an additional 545 units are planned. In the entire downtown effective marketing area, a total of 978 housing units opened in the last two years, and 2,373 more are moving through some stage of the development process. Downtown housing starts increased 800 percent in 2004, as compared to 8 percent for the county as a whole.

Stability in the business, residential, and political environments, a low cost of living, a high quality labor force and an emphasis on education further ensure a strong and stable economic outlook despite the current short-term challenges. The presence in Columbus and its immediate suburbs of 13 educational institutions, ranging from technical and design institutes to liberal arts colleges and a major research university, assure a continuous pool of well-educated and trained job candidates.

The city's long-range financial soundness is confirmed by the bond ratings awarded the city by both Moody's Investors Service and Standard and Poor's Corporation. Bond ratings of Aaa and AAA, respectively, were awarded to the city in 1995 and have been maintained ever since. These ratings represent the highest achievable for long-term debt, making Columbus the largest city in the nation currently holding this dual distinction. These ratings afford Columbus the opportunity to realize savings in the cost of long-term financing, affirm investor's confidence in investment in Columbus, and help attract new businesses to the area.

The City of Columbus has two general reserve funds: the economic stabilization fund (AKA rainy day fund) and the anticipated expenditure fund (formerly known as the 27th pay period fund).

The rainy day fund was created in 1988 with an initial deposit of \$4 million to create a reserve for unforeseen future events that could disrupt basic city services. The goal of the fund was to reach five percent of general fund expenditures. Until 1998, annual deposits of \$1 million were made to the fund. In 1998, the fund received an infusion of \$7 million from a refund from the Ohio Bureau of Workers Compensation. In order to balance the general fund budget, \$10.2 million was used in 2003, the first use of the fund since its establishment. An additional \$25 million was used in 2004. On May 4, 2004, the city deposited \$55.1 million from the Solid Waste Authority of Central Ohio into this fund. These monies resulted from a bond issue by SWACO and were paid to the city in partial satisfaction of lease rental payments due the city. The proposed use of \$12 million from this fund in the 2006 general fund budget should leave the fund just above the five percent level at the end of 2006.



The anticipated expenditure fund was established in 1994 to plan for the next occurrence of a fiscal year in which there are 27 pay periods rather than the standard 26. This fund received \$5.33 million in refunded monies from the Ohio Bureau of Workers Compensation in 1998, and regular deposits have been made each year since 1994. The balance in the fund at year-end 2005, estimated at \$13.6 million, will be appropriated and encumbered at year-end to largely meet the 27<sup>th</sup> pay period obligation. The actual expenditure, which will not occur until 2008, may exceed this amount by approximately \$400,000. The obligations for the Health Special Revenue Fund and the Recreation and Parks Operation and Extension Fund will be available at the time of the payout in 2008. Additional deposits into the fund will continue in 2006 and beyond to ensure that there are sufficient funds to pay the 2008 obligations mentioned above, as well as build the fund back up for the next occurrence, which is estimated to be in 2017.

Summary tables showing the projected balances of both reserve funds are set forth below.

<b>Economic Stabilization Fund Recommended Future Deposits (000's Omitted)</b>					
<b>Year</b>	<b>Deposit</b>	<b>Investment Earnings*</b>	<b>Expended</b>	<b>Year-End Balance</b>	<b>% of GF Budget</b>
1999		\$ 1,224		\$ 23,807	5.11%
2000		1,442		25,249	5.00%
2001		1,621		26,870	5.06%
2002		1,136	-	28,006	5.39%
2003		608	10,243	18,371	3.49%
2004	59,406	791	25,000	53,568	10.15%
2005		1,607	13,000	42,175	7.57%
2006		974	12,000	31,149	5.28%
2007		934	-	32,084	5.15%
2008		1,283	-	33,367	5.18%
2009		1,335		34,702	5.19%
2010		1,735		36,437	5.24%
2011		1,822		38,259	5.28%
2012		1,913		40,172	5.33%
* Assumes investment rates of three percent in 2006-2007, four percent in 2008-2009, and five percent in 2010 and beyond					

<b>Anticipated Expenditure Fund Recommended Future Deposits (000's Omitted)</b>			
<b>Year</b>	<b>Deposit</b>	<b>Expended</b>	<b>Year-End Balance</b>
2000			9,886
2001	750	83	10,552
2002	750		11,302
2003	750		12,052
2004	750		12,802
2005	750	14,200	-648
2006	1,850	1,000	202
2007	1,850		2,052
2008	1,850		3,902
The Finance Department estimates the cost of encumbering the 27 <sup>th</sup> pay period in the year 2005 at \$14.2 million.			

### 2006 Budget Scenario

The 2006 budget was balanced with limited resources while employing certain key principles, as follows:

- Build a budget from the ground up which is keyed to the city's strategic plan implementing the Columbus Covenant
- Focus on the basic priorities in city services for neighborhoods—police and fire protection, refuse collection, and basic public health services
- Review all program areas to identify activities the city should no longer be engaged in, given limited resources
- Review revenue sources to identify new revenues, opportunities for increased revenues, and options to shift general fund expenses to alternative funding sources
- Continue to implement performance management, working toward providing performance measures for all city programs, which will inform the budget process
- Promote efficiencies in government through reorganization of divisions, consolidation of functions, review of management structure and centralized fleet management
- Implement recommendations of the city's Operations Review and Economic Advisory Committee
- Rely on attrition to the extent possible in reducing employment in civilian ranks, with no reduction in uniformed police and fire personnel levels
- Continue hiring controls and diligent review of general fund spending to keep 2006 spending at the lowest level necessary to provide essential services to the citizens of Columbus

- The safety staffing contingency fund will remain at \$1 million and be available within any given budget year in connection with staffing issues in the Police and Fire Divisions associated with anticipated retirements attributable to the Deferred Retirement Option Plan.

## **General Fund Pro Forma**

A general fund pro forma operating statement is provided herein, which projects the city's future general fund financial outlook. The pro forma bases year 2006 revenues on the City Auditor's official Estimate of Available General Fund Resources, except as noted. The following assumptions were used in developing the pro forma.

## **Pro Forma Operating Statement Assumptions**

Like all financial forecasting tools, pro forma projections are based on a series of assumptions that invariably do not prove totally accurate over time. Moreover, projections become less certain the further one extends the forecasting horizon. This pro forma statement assumes that year-end deficits, which are not permissible per state law, will be corrected through expenditure adjustments in order to force a positive year-end fund balance. The document presented herein represents the Finance and Management Department's best estimate of the city's financial status into the future, given the major assumptions below. Revenue growth assumptions for most sources in 2007 and beyond are based upon an historical ten-year average.

## **Expenditure Assumptions**

- The standard inflation rate for non-personnel items is three percent in 2007 and thereafter.
- Personnel costs (excluding insurance costs) are projected at either the rate in effect per current collective bargaining agreements or, for those units that have contracts that are currently under negotiation or expiring in 2005 or 2006, a rate of three percent.
- Insurance costs will grow by 12 percent annually in 2007 and beyond.
- The Divisions of Police and Fire reflect the costs of new and planned recruit classes sufficient to maintain existing staff levels.
- Deposits of \$1.85 million will be made to the anticipated expenditure fund in 2006 and thereafter.

## **Revenue Assumptions**

- Income tax receipts will grow by 3.4 percent in 2006, and 4 percent in 2007 and thereafter.
- Property taxes will increase by 8.2 percent in 2006, and then grow by 4 percent thereafter, except in the six year reappraisal year, when it will increase by 10 percent.
- Local government fund revenue is projected to continue to be frozen at current levels.
- Estate taxes are projected to decline by 11.8 percent in 2006 and then grow by 7.2 percent through the rest of the period.
- Investment earnings will be \$18.5 million in 2006 and then grow by 12.5 percent thereafter.
- Hotel/motel tax revenue is projected to grow by 3.9 percent in 2006 and 2.7 percent in 2007 and beyond.
- Charges for services are expected to grow by three percent in 2006. The source will then grow by 4.2 percent thereafter.
- The kilowatt hour tax will grow by .31 percent in 2006, and 2.1 percent thereafter.
- The cable franchise fee will grow by 2 percent in 2006 and 3 percent thereafter.

## **Division Specific Assumptions**

- One police recruit class of 65 recruits is funded in 2006. Thereafter, recruit classes sufficient to replace retiring uniformed staff are projected, such that existing staff levels are maintained.
- One fire recruit class of 35 recruits is funded in 2006. Thereafter, recruit classes sufficient to replace retiring uniformed staff are projected, such that existing staff levels are maintained.

## GENERAL FUND PRO FORMA OPERATING STATEMENT

Resources:	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Beginning Balance	\$ 21,678,293	\$ 16,688,173	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income Tax	352,300,000	364,200,000	378,768,000	393,919,000	409,676,000	426,063,000	443,106,000	460,830,000	479,263,000	498,434,000	518,371,000
Property Tax	45,245,000	48,967,000	50,926,000	52,963,000	55,082,000	57,285,000	59,576,000	66,534,000	68,155,000	70,881,000	73,716,000
Kilowatt Hour Tax	3,265,000	3,275,000	3,344,000	3,414,000	3,486,000	3,559,000	3,634,000	3,710,000	3,788,000	3,868,000	3,949,000
Hotel/Motel Tax	3,200,000	3,325,000	3,415,000	3,507,000	3,602,000	3,699,000	3,799,000	3,902,000	4,007,000	4,115,000	4,226,000
Shared Revenues	56,371,000	55,678,000	56,240,000	56,808,000	57,382,000	57,962,000	58,547,000	59,138,000	59,735,000	60,338,000	60,947,000
License and Permit Fees	1,992,000	2,560,000	2,637,000	2,716,000	2,797,000	2,881,000	2,967,000	3,056,000	3,148,000	3,242,000	3,339,000
Fines and Penalties	20,510,000	21,150,000	22,148,000	22,702,000	23,270,000	23,852,000	24,448,000	25,059,000	25,685,000	26,327,000	26,985,000
Investment Earnings	11,500,000	18,500,000	20,813,000	23,415,000	26,342,000	29,635,000	33,339,000	37,506,000	42,194,000	47,468,000	53,402,000
Charges for Service	38,583,000	39,770,000	41,440,000	43,180,000	44,994,000	46,884,000	48,853,000	50,905,000	53,043,000	55,271,000	57,592,000
Cable Franchise Fees	-	7,180,000	6,521,960	6,718,000	6,920,000	7,128,000	7,342,000	7,562,000	7,789,000	8,023,000	8,264,000
All Other Revenue	6,506,000	2,031,827	2,061,280	2,091,731	2,123,400	2,156,336	2,190,590	2,226,214	2,263,262	2,301,793	2,341,864
Total Revenues	539,472,000	566,636,827	588,314,240	611,433,731	635,674,400	661,104,336	687,801,590	719,428,214	749,070,262	780,268,793	813,132,864
Fund Transfers	13,000,000	12,000,000	-	-	-	-	-	-	-	-	-
<b>Total Available Resources</b>	<b>574,150,293</b>	<b>595,325,000</b>	<b>593,314,240</b>	<b>611,433,731</b>	<b>635,674,400</b>	<b>661,104,336</b>	<b>687,801,590</b>	<b>719,428,214</b>	<b>749,070,262</b>	<b>780,268,793</b>	<b>813,132,864</b>
% Change in Total Revenues from Prior Yr.	3.50%	5.04%	3.83%	3.93%	3.96%	4.00%	4.04%	4.60%	4.12%	4.16%	4.21%
% Change in Total Resources from Prior Yr	3.30%	3.69%	-0.34%	3.05%	3.96%	4.00%	4.04%	4.60%	4.12%	4.16%	4.21%
<b>Expenditures:</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Development	17,802,747	20,179,125	20,991,649	21,752,236	22,606,887	23,514,988	24,471,076	25,484,463	26,565,444	27,697,955	29,581,773
Fire	163,196,140	170,372,462	177,232,610	183,654,249	190,870,070	198,537,169	206,609,424	215,165,460	224,292,192	233,853,986	246,351,587
Governmental Services	58,538,559	64,693,536	69,222,951	71,731,094	74,549,427	77,544,018	80,696,854	84,038,643	87,603,333	91,337,949	91,760,100
Health	18,313,429	19,729,916	20,524,353	21,268,008	22,103,633	22,991,519	23,926,323	24,917,152	25,974,069	27,081,369	30,281,194
Judicial Services	20,798,759	22,575,735	23,484,760	24,335,680	25,291,835	26,307,787	27,377,427	28,511,171	29,720,537	30,987,553	33,809,578
Other Safety	12,756,341	18,303,774	19,040,786	19,730,688	20,505,911	21,329,618	22,196,851	23,116,059	24,096,580	25,123,840	24,799,572
Police	215,371,559	226,840,435	235,974,300	244,524,316	254,131,737	264,340,007	275,087,717	286,479,552	298,631,232	311,362,173	325,655,036
Recreation and Parks	24,684,754	25,551,910	26,580,773	27,543,869	28,626,075	29,775,962	30,986,612	32,269,819	33,638,616	35,072,663	35,842,778
Refuse Collection	22,547,337	24,298,107	25,276,485	26,192,323	27,221,426	28,314,889	29,466,135	30,686,376	31,988,008	33,351,688	34,498,943
Fleet-Vehicles	2,702,495	930,000	7,300,000	6,000,000	6,180,000	6,365,400	6,365,400	6,556,362	6,753,053	6,955,644	7,164,314
Operating Expenditures	556,712,120	593,475,000	625,628,667	646,732,464	672,087,000	699,021,357	727,183,818	757,225,057	789,263,065	822,824,821	859,734,875
Less Projected Lapsed Appropriation	-	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
<b>Projected Operating Expenditures</b>	<b>556,712,120</b>	<b>588,475,000</b>	<b>620,628,667</b>	<b>641,732,464</b>	<b>667,087,000</b>	<b>694,021,357</b>	<b>722,183,818</b>	<b>752,225,057</b>	<b>784,263,065</b>	<b>817,824,821</b>	<b>854,734,875</b>
Percent Change/Previous Year	5.50%	5.71%	5.46%	3.37%	3.92%	4.01%	4.03%	4.13%	4.23%	4.25%	4.49%
Rainy Day Fund Deposits	-	-	-	-	-	-	-	-	-	-	-
Anticipated Expenditure Fund Transfer	750,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000
<b>Total Expenditures/Transfers</b>	<b>557,462,120</b>	<b>590,325,000</b>	<b>622,478,667</b>	<b>643,582,464</b>	<b>668,937,000</b>	<b>695,871,357</b>	<b>724,033,818</b>	<b>754,075,057</b>	<b>786,113,065</b>	<b>819,674,821</b>	<b>856,584,875</b>
Percent Change/Previous Year	5.85%	5.90%	5.45%	3.39%	3.94%	4.03%	4.05%	4.15%	4.25%	4.27%	4.50%
Required Expenditure Reductions and/or Revenue Increases	-	-	(29,164,427)	(32,148,733)	(33,262,600)	(34,767,021)	(36,232,228)	(34,646,843)	(37,042,802)	(39,406,028)	(43,452,011)
<b>Annual Surplus/Deficit:</b>	<b>(4,990,120)</b>	<b>(11,688,173)</b>	<b>(5,000,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cumulative Surplus/Deficit:</b>	<b>\$ 16,688,173</b>	<b>\$ 5,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## Footnotes:

Revenue estimates for 2007 and beyond are those of the Department of Finance and not the City Auditor.

Cumulative deficits are not possible since each budget year must be balanced.

2006 Fund Transfer of \$12 million will be from the Economic Stabilization Fund.

